

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Appropriate Framework for Broadband)	CC Docket No. 02-33
Access to the Internet over Wireline Facilities)	
)	
Universal Service Obligations of Broadband)	
Providers)	
)	
Computer III Further Remand Proceedings:)	CC Dockets Nos. 95-20, 98-10
Bell Operating Company Provision of)	
Enhanced Services; 1998 Biennial Regulatory)	
Review – Review of Computer III and ONA)	
Safeguards and Requirements)	

REPLY COMMENTS OF THE ALASKA TELEPHONE ASSOCIATION

The Alaska Telephone Association (“ATA”) represents fourteen rural incumbent local exchange carriers. Within the service areas of these companies are the most remote communities in the United States; the vast majority of which are accessible only by air or water.

The extreme inaccessibility of urban centers to many of our customers and the small numbers of residents in many of the villages make the delivery of wireline Broadband services very costly. Yet the same circumstances that make delivery a challenge enhance the value of the service to the remote customer. ATA supports the positions espoused by the Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”) in its comments as filed in this docket on May 3, 2002.

The sufficiency of the universal service fund is of critical importance to the state of Alaska. Half of the lines in the state receive support from the fund. Outside of the largest community, Anchorage, all lines are “high cost.” As the fund grows, the burden on the limited number of contributors increases and antipathy toward supporting the fund (the national network) gains fervor in “payer” states.

Equitable contributions should be required of all facilities-based Internet access providers. Voice over Internet Protocol (“IP”) is quickly enabling bypass of the funding process that maintains the infrastructure and operation of the network. In this state, a Telecommunication Partnering Agreement was reached last year whereupon the successful bidder contracted with the state government to provide virtually all of the state government’s communications services. The plan calls for much of the traffic to be carried by IP which will eliminate some contributions from the fund. Additionally, Alaska has an IXC/CLEC that advertises its testing of facilities-based local service over cable. As a provider of high speed Internet services over that same cable, it would be imprudent of that company not to envision using IP to deliver intrastate voice communications. Again, unless this Commission requires equitable participation by all facilities-based broadband Internet providers, contributions to the universal service fund would be avoided.

Rates for DSL-based services, although below cost, are often perceived by the customer with limited disposable income, as high. Only through pooling are rates able to be maintained at even moderately high levels in many rural areas. The often low take rates experienced in many Alaska communities where DSL is available, would be even lower if the pooling process was eliminated. There is rarely a business case for bringing

broadband Internet services to sparsely populated rural communities when the customer base must support the provision of service. It is often only through dedication to customer and community service that DSL has been introduced and without pooling, some of the decisions to introduce DSL-based broadband would likely have had to been made differently.

All loop-related costs must remain allocated to voice telecommunications services. The Commission has determined that there is no increase in loop costs due to the subsequent provision of DSL on infrastructure already providing voice service. A shift of any loop costs to DSL service would only serve to curtail the deployment of this service in rural areas.

ATA cautions the Commission to be aware of the pitfall of finding that broadband Internet service is an information service. The 1996 Act, in Section 254(c)(1), provides that “periodically” the Federal-State Joint Board on Universal Service will review telecommunications services supported by federal support mechanisms. The public interest standards enumerated in that section allow that the definition is fluid and may, in some future determination, evolve to include such broadband services as considered in this NPRM.

Summary

- Sufficiency of the universal service fund demands that all facilities-based Internet providers contribute to the fund.
- Pooling must be maintained.

- Loop related costs must remain allocated to voice telecommunications services.
- Broadband Internet must not be precluded from future consideration as a service supported through universal service.

Respectfully submitted,

ALASKA TELEPHONE ASSOCIATION

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